

Vocational Performance Measurement



A General Overview

This presentation will provide you with some basic information about the vocational provider performance measurement system or commonly referred to as “CACO”. The term “CACO” stands for Complexity Adjusted Cost per Outcome.

The goal is to provide you with a practical explanation of L&I’s vocational provider performance measurement system.

What Should You Learn From This Briefing?

- Why L&I has a Performance Measurement System,
- What the components of the Performance Measurement System are,
- How the Claims Manager uses the Performance Measurement System in making a referral,
- What L&I has learned so far about the performance measurement system, and

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Just a quick note on terms and definitions. You will see the term LINIIS and VocLink mentioned throughout the presentation.

LINIIS is the computer program based system of adjudicating its workers compensation claims.

VocLink is the internet connection used for electronic communication between vocational counselors and L&I.



Why does L&I Measure Performance?

- RCW 51.32.095(5) states:

The department shall establish criteria to monitor the quality and effectiveness of rehabilitation services provided by the individuals and organizations...The state fund shall make referrals for vocational rehabilitation services based on these performance criteria.

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L&I is required by state law to implement a system of measuring the quality and effectiveness of rehabilitation services provided to injured workers in Washington State.

To meet this legal requirement, L&I developed and implemented a system to measure the costs, duration, and outcome of the vocational referral.

Complexity-Adjusted Cost/Outcome (CACO)

$$\frac{\text{Adjusted Costs} + \text{Adjusted Duration}}{\text{Outcome}} \times \text{Referral Weighting Factor}$$

Outcomes are RTW (3.0), other resolution outcomes (2.0), administrative outcomes (1.0) and Fee Caps (0.75).

Referral Weighting: 0.73 (Intervention) and 0.27 (Plan)

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This screen shows the formula used to measure the costs, duration, and outcome.

Simply, the costs and duration of the referral are added together and divided by the outcome. This sum is then multiplied by the type of referral.

How do we add costs and duration together? The duration in days is converted to dollars by multiplying the number of days by the average daily time-loss rate.

Over the next several slides, I'll explain the formula in more detail

OK, What does this mean?

- Adjusted costs are vocational costs billed against the referral.
- Adjusted duration is the time starting when the Claims Manager initiated the referral to when the VRC made the recommendation in VocLink.
- Outcome Divisors:
 - RTW reduces CACO by approximately two thirds.
 - Fee cap increases CACO by approximately one third.

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What do I mean by “adjusted”? Sometimes a referral is assigned to a VRC that turns out to be more difficult than other referrals. As a result, more time and services may be needed to complete it. The adjustment helps to compensate for those difficulties.

When the referral is closed, the costs and duration are compared to the statewide average. If either one (costs or duration) is over one standard deviation above the mean, the computer will search the claim file for any existing difficulty factors. I’ll explain what these are in a moment.

The adjusted sum is then divided by either 3.0, 2.0, 1.0, or 0.75 depending on the outcome. Consequently, a RTW outcome can substantially reduce the score.

The final step is to multiply the sum by 0.73 or 0.27 depending on whether it is in intervention or plan.

Complexity Adjustment

- If referral has high cost or long duration within a referral type, difficulty factors could be considered.
- Difficulty factors captured objectively from LINIIS
- Difficulty factors are not necessarily causal
- Adjustment applied to outliers only

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Based on a departmental study of seven years of data (1994-2000), a list of factors were identified. They may not necessarily be causally related to higher cost or longer duration, but these factors were present in referrals with high costs or long duration.

Some factors were identified as significant for only EI or AWA referrals.

If the costs or the duration of the referral exceeds one standard deviation from the statewide mean, an adjustment is applied for each factor present in the claim.

Appendix A of PB 01-04 shows which difficulty factors apply to which referral types and provide sample CACO calculations.

Difficulty Factors Intervention Duration

- Referral initiated more than 180 days after DOI
- Claimant age is over 44 years
- Multiple referrals: more than 1 previous referral on this claim
- Time-Loss Comp Rate higher than Pre-injury wage
- Multiple injuries identified at claims initiation
- Chronic Pain Issues
- Psychological or Emotional Issues
- English as a Second Language
- Chemical Dependency
- Worker injured in rural county

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These are the difficulty factors for EI and AWA duration.



Difficulty Factors Intervention Cost

- Time-Loss Comp Rate higher than Pre-injury wage
- Chronic pain Issues
- Psychological/emotional issues
- English as a second language
- Chemical dependency
- Worker injured in rural county
- Multiple injuries at claim initiation

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These are the difficulty factors for EI and AWA costs.